

FISCAL NOTE

Bill #:	SB0378	Title:	Revise CECRA to authorize collection of interest on past-due remedial action
Primary Sponsor:	Bill Tash	Status:	As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:	0	0
Revenue:		
State Special Revenue	\$24,000	\$24,000
Net Impact on General Fund Balance:	0	0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
X		Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Environmental Quality

1. The environmental quality protection fund will continue to be a revolving fund account and department expenditures from this account will be recovered from liable parties.
2. The department will charge interest on overdue payments at the rate set out in 25-9-205, MCA, for court judgments.

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3. Under CECRA, at any one time, potentially liable parties on approximately 10 sites fail to remit costs of cleanup to the department in a timely fashion, amounting to approximately \$8,000 per year. The rate of delinquent payments in FY 2002 and FY 2003 will remain the same as it was FY 1999 and FY 2000.
4. Interest calculated at the 10% rate set out in 25-9-205, MCA, for all delinquent balances owed the department equals \$79,670.67, which has been rounded to \$80,000 for the purposes of this fiscal note.
5. The interest on outstanding balances owed the environmental quality protection fund (EQPF) dating back to 1992 will be received over a 5-year period.
6. No FTE are necessary to implement this bill because a process for quarterly billing of these entities is already in place. The spreadsheets used for billing can be modified to automatically calculate the interest owed.
7. It is assumed that the assessment of an interest charge will provide adequate incentive for payment of delinquent invoices and litigation will not be required to collect these delinquent payments. If it is required, additional expenditures may be incurred that are not projected above. Those additional expenditures would be cost recovered.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Revenues:</u>		
State Special Revenue (02)	\$24,000	\$24,000
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	\$24,000	\$24,000

LONG-RANGE IMPACTS:

For the long-term, cost recovery to EQPF will be more timely, resulting in lower revenues from collection of interest on late payments. This will be offset by the increase in interest earned by the EQPF account because of the timely repayment of funds used. Thus the EQPF account will maintain its fund value allowing more timely cleanups because the fund balance is not depleted.